



BOB RILEY
GOVERNOR

STATE OF ALABAMA
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

P.O. BOX 301450
64 NORTH UNION STREET, SUITE 468
MONTGOMERY, ALABAMA 36130-1450

(334) 242-3486
FAX (334) 242-3489
www.outdooralabama.com

M. BARNETT LAWLEY
COMMISSIONER

HOBBIE L. SEALY
ASSISTANT COMMISSIONER

July 22, 2008

Department of Interior
Minerals Management Service
Attention: Regulations and Standards Branch (RSB)
Mr. Marshall Rose, Chief Economist
381 Elden Street, MS-4024
Herndon, Virginia 20170-4817

Re: Proposed Rule: Allocation and Disbursement of Royalties, Rentals and Bonuses – Oil and Gas Offshore (RIN 1010-AD46)

Dear Mr. Rose:

Thank you for the opportunity to provide comments on the above-referenced proposed rule published in the Federal Register. Overall, the proposed rule sets forth how the Department of Interior plans to implement Gulf of Mexico Energy Security Act of 2006 (GOMESA) requirements related to the distribution of OCS revenues to the Gulf Producing states and their coastal political subdivisions. Due to the magnitude of the importance of revenue sharing will have on the State of Alabama, we have reviewed this document in its entirety, and subsequently, offer the following comments and/or requests for further clarification.

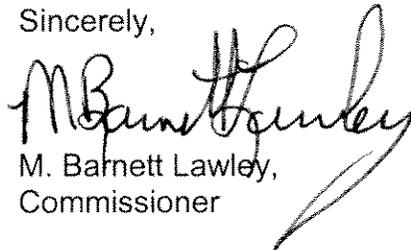
1. Timing and Nature of Disbursements to State and Coastal Political Subdivisions: The proposed rule describes how GOMESA payments will be calculated for both States and coastal political subdivisions. In order to effectively plan for and manage GOMESA funding, it is critical for the States and coastal political subdivisions to know specifically how and when they will receive the disbursement. We suggest the funds are disbursed from the U.S. Treasury to the States and coastal political subdivisions *directly* in the beginning of the fiscal year following the year in which the revenues are collected.
2. Authorized Uses of GOMESA funds: Each Gulf State receiving GOMESA funds has different coastal conservation needs and subsequently, will utilize GOMESA funds to accomplish diverse goals via a variety of on-the-ground projects. These projects may have multiple benefits and accomplish a variety of objectives. Therefore, we request that States and

coastal political subdivisions have full discretion to interpret the GOMESA legislation in a manner that accomplishes each State's coastal conservation needs.

3. Revenue Sharing from 2017 and Thereafter: The proposed rule indicates MMS will develop a separate revenue sharing provision to be implemented for fiscal year 2017 and thereafter. As this rule has the potential to provide significant funding to the State of Alabama, we would like to know when MMS plans to publish the proposed rule.
4. Match Requirements: We request the proposed rule designate GOMESA disbursements as 'non-federal', whereby the states and coastal political subdivisions can this utilize this funding to match all federal grant programs.

Thank you for your consideration of these comments. If you have any questions about these comments, please feel free to contact Will Brantley, State Lands Manager at 334.242.3484.

Sincerely,



M. Barnett Lawley,
Commissioner

cc: Governor Bob Riley